



DONELAN CLEARY
WOOD & MASER, P.C.

April 30, 1999

Via Hand Delivery

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

RECORDATION NO. 22134

FILED

APR 30 '99

2-15 PM

Dear Secretary Williams:

Enclosed for recordation, under the provisions of 49 U.S.C. § 11301(a) and the regulations promulgated thereunder, are executed counterparts of a Security Agreement, dated as of April 30, 1999 (as amended, supplemented or modified from time to time), by and between 1994 VCM Inc. ("Debtor"), a Texas corporation, and State Street Bank and Trust Company of Connecticut, National Association ("Secured Party"), a national banking association, not in its individual capacity, but solely as Trustee, a primary document not previously recorded.

The names and addresses of the parties to the enclosed document are as follows:

DEBTOR/for Indexing MORTGAGOR	-	1994 VCM Inc. c/o State Street Bank and Trust Company of Connecticut, National Association 225 Asylum Street, Goodwin Square Hartford, CT 06103
SECURED PARTY/for Indexing MORTGAGEE	-	State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity, but solely as Trustee 225 Asylum Street, Goodwin Square Hartford, CT 06103

A general description of the railroad equipment covered by the enclosed document is as follows: 200 5851 cubic foot Covered Hopper Railcars manufactured by Trinity Industries, Inc. and assigned Identification Nos. GVDX 2001-GVDX 2200, together with any and all accessions, additions, improvements, and replacements from time to time incorporated or installed therein ("Equipment"). Pursuant to the aforesaid Security Agreement, the Debtor grants to the Secured Party a continuing lien on and first priority security interest in and to all of its right, title and interest in the said Equipment and that certain Lease dated as of April 30, 1999 between 1994 VCM Inc. and Oxy Vinyls, L.P., a Memorandum of which is being recorded concurrently herewith under Recordation No. 22133.

ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, Suite 750, N.W., Washington, D.C. 20005-3934, Tel: 202-371-9500, Fax: 202-371-0900

Letter to Honorable Vernon A. Williams

April 30, 1999

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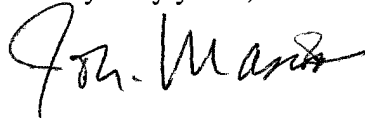
Enclosed is a remittance in the amount of \$26.00 for the required recording fee.

A short summary of the document to appear in the index follows:

“Security Agreement dated as of April 30, 1999 by and between 1994 VMC Inc., as Debtor, and State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity, but solely as Trustee, as Secured Party, covering 200 5,851 cubic foot Covered Hopper Railcars bearing identification marks and numbers GVDX 2001-GVDX 2200.”

Once the filing has been made, please return to bearer the stamped counterparts not needed for your files, together with the fee receipt, the letter from the secretary acknowledging the filing, and the extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, appearing to read "John K. Maser III". The signature is fluid and cursive, with the first name "John" being the most prominent.

John K. Maser III

*Attorney for purposes of this filing for
1994 VCM Inc. and State Street Bank and
Trust Company of Connecticut, National
Association, not in its individual capacity,
but solely as Trustee*

Enclosures

1350/020

RECORDATION NO. 22134 FILED

APR 30 '99

2-15 PM

SECURITY AGREEMENT

dated as of April 30, 1999

between

1994 VCM INC.,

and

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Trustee

[F-597L]

RECORDATION NO.

FILED

SECURITY AGREEMENT

APR 30 '99

2-15 PM

This SECURITY AGREEMENT is dated as of April 30, 1999 (as amended, supplemented or modified from time to time, this "Agreement") and is entered into by and between 1994 VCM INC. ("VCM"), a Texas corporation, and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION ("SSBTC"), a national banking association, not in its individual capacity but solely as Trustee under the Third Amended and Restated Declaration of Trust for the 1994 VCM Plant Trust (as the same may be amended from time to time, the "Declaration") dated as of the date hereof (together with any successor Trustee under the Declaration, "Trustee").

W I T N E S S E T H :

WHEREAS, VCM, the Trustee, CXC Incorporated, as Initial Note Holder, the Certificate Holders, Citibank, N.A., as Agent, and Oxy Vinyls, L.P. are parties to a Participation Agreement dated as of the date hereof (as the same may be amended and in effect from time to time, the "Participation Agreement"); and

WHEREAS, it is a condition precedent to the obligation of the Initial Note Holder to make the Advance and each Certificate Holder to make an Investment and otherwise perform their respective obligations under the Operative Documents that VCM shall have granted the security interests contemplated by this Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce the Initial Note Holder to make the Advance and each Certificate Holder to make an Investment and otherwise perform their obligations under the Operative Documents, VCM hereby agrees with the Trustee for the benefit of the Holders as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Participation Agreement, and the following terms shall have the following meanings:

"Assigned Documents" means the documents and agreements set forth on the attached Schedule I.

"Assigned Interests" means all of VCMi's rights, title and interest in, to and under the Assigned Documents.

"Collateral" means (i) the 200 covered hopper cars manufactured by Trinity Industries, Inc. and assigned identification Nos. GVDX 2001 - GVDX 2200, together with any and all accessions, additional improvements and replacements from time to time incorporated or installed therein, (ii) the Assigned Interests and (iii) all Proceeds of any thereof.

"Proceeds" means all "proceeds" as such term is defined in Section 9-306(1) of the UCC.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York, as amended from time to time, and any successor statute; provided, that, if by reason of mandatory provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests in the Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provision hereof relating to such perfection or effect of perfection or non-perfection.

2. Grant of Security Interests. In order to secure to the Trustee (for the benefit of the Holders) the prompt, full and faithful performance of VCMi's obligations under the Operative Documents, VCMi hereby grants to the Trustee (for the benefit of the Holders) a continuing lien on and first priority security interest in and to all of its right, title and interest in the Collateral.

3. Representations and Warranties. VCMi represents and warrants to the Trustee that:

(a) VCMi holds the Collateral free and clear of any Liens created by it, except for Liens under the Operative Documents. No security agreement, financing statement, assignment, equivalent security or lien instrument, or continuation statement covering all or any part of the Collateral signed by or on behalf of VCMi is on file or of record in any public office, except for any filed pursuant to this Agreement or the other Operative Documents;

(b) this Agreement creates valid security interests in the Collateral securing the payment of VCFMI's obligations under the Operative Documents; and

(c) VCFMI's principal place of business and chief executive office and the place where its records concerning the Collateral are kept is in Hartford, Connecticut.

4. Covenants. VCFMI covenants and agrees with the Trustee that, from and after the date of this Agreement until VCFMI's obligations under the Operative Documents are paid in full:

(a) Without the prior written consent of the Trustee, VCFMI will not (i) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral or (ii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral (or any part thereof), or any interest therein, except for the security interests and liens provided for by this Agreement and the other Operative Documents.

(b) At any time and from time to time, upon the request of the Trustee, and at the sole expense of VCFMI, VCFMI will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Trustee may reasonably request for the purposes of obtaining or preserving the full benefits of this Agreement or by the other Operative Documents and of the rights and powers herein or therein granted. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper shall be immediately delivered to the Trustee, duly endorsed in a manner reasonably satisfactory to the Trustee, to be held as additional collateral security for VCFMI's obligations under the Operative Documents. Without limiting the generality of the foregoing, VCFMI shall execute and file, record or register such UCC financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Trustee may request, in order to

perfect and preserve the security interests granted or purported to be granted hereby or by the other Operative Documents.

(c) VCMCI agrees to comply with all covenants and agreements with respect to VCMCI set forth in the Assigned Documents.

5. VCMCI Remains Liable. Anything herein to the contrary notwithstanding: (a) VCMCI shall remain liable under the Assigned Documents to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by the Trustee or any Holder of any rights hereunder shall not release VCMCI from any of its duties or obligations under the Assigned Documents; and (c) neither the Trustee nor any Holder shall have any obligation or liability under any of the Assigned Documents, nor shall the Trustee be obligated to perform or fulfill any of the obligations or duties of VCMCI granted thereunder.

6. Application of Proceeds; Rights of the Trustee. (a) If an Event of Default shall have occurred and be continuing and the Trustee shall have given notice of its intent to exercise such rights to VCMCI, the proceeds of any sale of, or other realization upon, the Collateral, shall be applied in accordance with Article VII of the Declaration.

(b) The rights of the Trustee hereunder shall not be conditioned or contingent upon the pursuit by the Trustee of any right or remedy against VCMCI or against any other Person which may be or become liable in respect of all or any part of VCMCI's obligations under the Operative Documents or against any other collateral security therefor, guaranty thereof or right of offset with respect thereto.

(c) If an Event of Default has occurred and is continuing, VCMCI hereby irrevocably authorizes and empowers the Trustee to assert, either directly or on behalf of VCMCI, any claims VCMCI may have, from time to time, against any other party to any of the Assigned Documents or to otherwise exercise any right or remedy of VCMCI thereunder (including, without limitation, the right to enforce directly against such party all of VCMCI's rights thereunder, to make all demands and give all notices and to make all requests required or permitted to be made by VCMCI thereunder).

7. Remedies. If any Event of Default shall have occurred and be continuing, the Trustee, in its sole and absolute discretion but subject to the applicable provisions of the Operative Documents, may exercise with respect to the Collateral, in addition to all other rights and remedies provided for herein or in the other Operative Documents or otherwise available to it, all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or any other applicable Law.

8. Limitation on Duties Regarding Collateral. The Trustee's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Trustee deals with similar securities and property for its own account. Neither the Trustee nor any of its directors, officers, employees or Trustees shall be liable for failure to demand, collect or realize upon the Collateral, or any part thereof, or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of VCMCI or otherwise or to take any other action whatsoever with regard to the Collateral or any part thereof.

9. The Trustee Appointed Attorney-in-Fact and Proxy. VCMCI hereby appoints the Trustee or the Trustee's designee as VCMCI's attorney-in-fact and proxy, with full authority and power in VCMCI's place and stead, and in VCMCI's name, from time to time in the Trustee's discretion from and after the occurrence and during the continuance of an Event of Default to take any action and to execute any instrument which the Trustee may deem necessary or advisable to perfect, protect or enforce any right or security interest hereunder or otherwise accomplish the purposes of this Agreement, including, without limitation, to execute and file alone any financing statement under the UCC and any document or instrument under any other applicable laws, and to receive, endorse and collect all instruments made payable to VCMCI representing any dividend or other distribution in respect of any of the Collateral and to give full discharge for the same; provided, that the Trustee shall, within a reasonable time after or, if practicable, before taking such action, provide notice of such action to VCMCI. VCMCI ratifies and approves all such acts of such attorney and proxy. Neither the Trustee nor said attorney and proxy will be liable for any acts or omissions, nor for any error of judgment or mistake of fact or Law, other than the Trustee's

or said attorney's and proxy's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. The powers granted herein, being coupled with an interest, are irrevocable so long as this Agreement shall remain in force.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Severability. The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Agreement shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Agreement or of such provision or obligation in any other jurisdiction.

12. Headings. All headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. Failure or Indulgence Not Waiver; Cumulative Remedies. No failure or delay on the part of the Trustee or any Holder in the exercise of any power, right or privilege under this Agreement or any Operative Document and no course of dealing with respect thereto shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or any other right, power or privilege. The rights and remedies of the Trustee provided under this Agreement and the Operative Documents are cumulative, may be exercised singly or concurrently and are cumulative to, and not exclusive of, any rights or remedies provided by law or otherwise available.

14. Security Interest Absolute; Successors and Assigns; Governing Law; Compliance. All rights of the Trustee and security interests hereunder, and all obligations of VCMi under this Agreement, shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of any of the Instruments or any other Operative Document; (ii) the absence of any attempt to collect VCMi's obligations under the Operative Documents from VCMi or any other Person or of any other action to

enforce the same; (iii) any change of the time, manner or place of payment, or any other term, of any of VCMCI's obligations under the Operative Documents; (iv) any exchange, release or non-perfection of any collateral securing payment of any of VCMCI's obligations under the Operative Documents; (v) any law, regulation or order of any jurisdiction affecting any term of any of VCMCI's obligations under the Operative Documents or the Trustee's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, VCMCI, any guarantor or any other Person. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of VCMCI and the Trustee, except that VCMCI may not assign its rights or obligations hereunder or under any other Operative Documents (or any portion hereof or thereof) without the written consent of the Trustee and the Holders. For purposes of this Agreement, the phrase "successor and permitted assigns" includes, with respect to the Trustee and the Holders, any Person who refinances all or any portion of VCMCI's obligations under the Operative Documents. THIS AGREEMENT SHALL BE GOVERNED AND CONTROLLED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SIMILAR SUCCESSOR PROVISION THERETO) BUT EXCLUDING ALL OTHER CONFLICT OF LAWS RULES, AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT AND IN ALL OTHER RESPECTS, BUT EXCLUDING PERFECTION, WHICH SHALL BE GOVERNED AND CONTROLLED BY THE LAWS OF THE RELEVANT JURISDICTION.

15. Notices. All notices, approvals, requests, demands and other communications required or permitted to be given hereunder shall be given (and shall be effective) in accordance with Section 9.02 of the Participation Agreement.

16. Termination of this Agreement; Release of Collateral. This Agreement, and all obligations of VCMCI hereunder, shall terminate in accordance with the provisions of the Participation Agreement and the other Operative Documents. Upon the termination of the Trustee's security interest and the release of the Collateral, the Trustee will, at the written request and expense of VCMCI, (a) promptly execute and deliver to VCMCI such documents as VCMCI shall reasonably request to evidence the termination of such security interest or the release of the Collateral, and (b)

promptly deliver or cause to be delivered to VCM I (without recourse and without any representation or warranty) all property of VCM I then held by the Trustee or any Trustee or nominee of the Trustee pursuant to this Agreement. If, at any time, all or part of any payment of VCM I's obligations under the Operative Documents theretofore made by VCM I or any other Person is rescinded or otherwise must be returned by the Trustee or any Holder for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of VCM I or any other Person), this Agreement shall continue to be effective or shall be reinstated, as the case may be, as to VCM I's obligations under the Operative Documents which were satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

17. Amendments. Any amendment, modification, termination or waiver of any provision of this Agreement, or consent to any departure by VCM I therefrom, shall comply with Section 9.04 of the Participation Agreement.

18. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the different parties in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

19. The Trustee. Except for SSBTC's liability for its own gross negligence and willful misconduct and as otherwise provided in the Operative Documents, it is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by SSBTC, not in its individual capacity but solely as the Trustee, under the Declaration, in the exercise of the powers and authority conferred and vested in it as the Trustee, (b) each of the undertakings and agreements herein made on the part of the Trustee is made and intended not as a personal representation, undertaking and agreement by SSBTC but is made and intended for the purpose of binding only the Trust Estate created by the Declaration, (c) nothing herein contained shall be construed as creating any liability on SSBTC, individually or personally, to perform any obligation of the Trustee, either expressed or implied, contained herein or in the Operative Documents, all such liability, if

any, being expressly waived by the parties to this Agreement and by any Person claiming by, through or under the parties to this Agreement and (d) under no circumstances shall SSBTC be personally liable for the payment of any indebtedness or expenses of the Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustee under this Agreement or the other Operative Documents. THE FOREGOING WAIVERS AND RELEASES OF THE TRUSTEE SHALL APPLY EVEN IN THE EVENT OF THE TRUSTEE'S NEGLIGENCE.

[Remainder of page intentionally left blank.]

[Signature Page for Security Agreement.]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date and year first above written.

1994 VCM INC.

By: Mark A. Ferrucci
Name: **MARK A. FERRUCCI**
Title: **PRESIDENT**

Agreed and Accepted as of this
30th day of April, 1999

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, NATIONAL ASSOCIATION,
as the Trustee

By: _____
Name:
Title:

[Signature Page for Security Agreement.]


IN WITNESS WHEREOF, this Agreement has been duly
executed as of the date and year first above written.

1994 VCM INC.

By: _____
Name:
Title:

Agreed and Accepted as of this
30th day of April, 1999

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, NATIONAL ASSOCIATION,
as the Trustee

By:  _____
Name: Scott A. Knox
Title: Assistant Secretary

STATE OF NEW YORK

)

COUNTY OF NEW YORK

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On this ²⁹30th day of April, 1999, before me personally appeared Scott A. Knox, to me personally known, who, being duly sworn, did say that he is Assistant Secretary of State Street Bank and Trust Company of Connecticut, National Association, a national banking association, not in its individual capacity but solely as Trustee, that the foregoing instrument was signed on behalf of such association, and he acknowledged that the execution of the foregoing instrument was duly authorized by the association and was the free act and deed of such association.

Thomas A. Scott
Notary Public

My commission expires:

8/31/99

THOMAS A. SCOTT
Notary Public, State of New York
No. 41-4792491
Qualified in Queens County
Certificate Filed in New York County
Commission Expires August 31, 19 99

Schedule I

List of Assigned Documents

1. Ground Lease, dated as of April 30, 1999, between Oxy Vinyls, L.P., as Ground Lessor, and VCMi, as Ground Lessee.
2. LaPorte Lease, dated as of April 30, 1999 between VCMi, as Lessor, and Oxy Vinyls, L.P., as Lessee.
3. Railcar Lease, dated as of April 30, 1999, between VCMi, as Lessor, and Oxy Vinyls, L.P., as Lessee.
4. Services Agreement, dated as of April 30, 1999, between VCMi and Oxy Vinyls, L.P.